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Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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## Official Report of Debates (Hansard)

E-23

## Journal des débats (Hansard)

E-23

Standing Committee on  
Estimates

Comité permanent des  
budgets des dépenses

Ministry of Energy

Ministère de l'Énergie

2<sup>nd</sup> Session  
41<sup>st</sup> Parliament

Wednesday 18 October 2017

2<sup>e</sup> session  
41<sup>e</sup> législature

Mercredi 18 octobre 2017

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Chair: Cheri DiNovo  
Clerk: Eric Rennie

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Présidente : Cheri DiNovo  
Greffier : Eric Rennie



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Toronto ON M7A 1A2  
Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



ISSN 1181-6465

Service du Journal des débats et d'interprétation  
Salle 500, aile ouest, Édifice du Parlement  
111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 18 October 2017

Mercredi 18 octobre 2017

*The committee met at 1555 in room 151.*

## MINISTRY OF ENERGY

**The Chair (Ms. Cheri DiNovo):** Good afternoon.  
Mr. Tabuns.

**Mr. Peter Tabuns:** Chair, I have a motion I would like to put before the committee. I'll start to read it. I understand that the Clerk has copies which he can circulate to members of the committee.

I move that, pursuant to standing order 110(b), the Standing Committee on Estimates directs the Ministry of Energy, the Independent Electricity System Operator, the Ontario Energy Board and Ontario Power Generation to produce, within 10 business days, all documents, including all electronic and digital correspondence, related to the government's fair hydro plan; and

That the request for documents includes any and all related documents, including all electronic or digital correspondence, received or sent by the Minister of Energy and the minister's office; and

That all documents be provided in searchable PDF format.

**The Chair (Ms. Cheri DiNovo):** Mr. Tabuns has moved this motion. Do we have any debate? Mr. Delaney.

**Mr. Bob Delaney:** Chair, I move to defer the consideration of the motion.

*Interjection.*

**The Chair (Ms. Cheri DiNovo):** Okay. I gather, Eric being my guide, that because of that motion, we will now proceed to the business at hand, which is the consideration of vote 2901.

**Mr. Peter Tabuns:** Sorry; he has asked for a deferral. Does that not require a vote and debate on the deferral?

*Interjection.*

**The Chair (Ms. Cheri DiNovo):** It's a dilatory motion. There are not conditions attached.

*Interjection.*

**The Chair (Ms. Cheri DiNovo):** Thank you, Mr. Tabuns. We do need to proceed to a vote on that. There's just no debate at all on it.

I will now call the vote.

**Mr. Peter Tabuns:** Recorded vote.

**The Chair (Ms. Cheri DiNovo):** Yes. We've been asked for a recorded vote on the motion to defer.

## Ayes

Delaney, Des Rosiers, Hoggarth, Kiwala, Potts.

## Nays

Smith, Tabuns.

**The Chair (Ms. Cheri DiNovo):** I declare that the motion has been passed.

Sorry about that. We'll go back to resume consideration of vote 2901 of the estimates of the Ministry of Energy. There is a total of two hours and 14 minutes remaining.

Before we resume consideration of the estimates, if there are any inquiries from the previous meetings that the minister has responses to, perhaps the information can be distributed by the Clerk. Are there any items, Minister?

**Mr. Serge Imbrogno:** This is Serge Imbrogno, Deputy Minister of Energy. We have a verbal update for Mr. Tabuns's request for an update on where the FOI request was for CALM Management Consulting.

**Mr. Peter Tabuns:** Yes, please.

**Mr. Serge Imbrogno:** Mr. Tabuns asked about the status of the Mike White, CALM management FOI request. I checked with the ministry staff, and just to report to the committee, on July 20, 2017, the ministry released the records to the requester in compliance with the IPC's final decision on these reports.

**Mr. Peter Tabuns:** You released the 2013 reports, correct? Or did you release the reports up to 2017?

**Mr. Serge Imbrogno:** These were Mike White reports so they would have been from the 2013 period.

**Mr. Peter Tabuns:** Yes, and as I noted yesterday, there was a request for the reports up to 2017, and apparently—

**The Chair (Ms. Cheri DiNovo):** Gentlemen, it's not a give-and-take here. The deputy minister has given his response. Unfortunately for you, Mr. Tabuns, we're going to have to move on to the business of the day. You can return to it during your time in question period or the minister can maybe put it in writing and deliver it to everyone. Again, that can be distributed by the Clerk, if you could do that.

1600

When the committee last adjourned, the official opposition had 10 minutes remaining in the rotation. Mr. Smith.

**Mr. Todd Smith:** I'd like to return to the motion that was brought forward by my friend from the NDP, Mr. Tabuns. We had talked about this earlier this morning, about bringing forward a motion like this, asking for documents to be presented to the committee.

I recall, back in the day—and I know my friend Mr. Tabuns will recall, back in the day—the gas plants scandal and the time that was spent in this room and in other committee rooms. We, as members of the official opposition and the third party, had more power back in 2012, and we were able to have those documents eventually show up at committee. It took a long time to have the ministry provide all of the documents that we required. As you're probably aware, there is a court case that's taking place right now in downtown Toronto on that issue and what happened with many of the documents that never were turned over.

So I thought it was a good idea that both members of the opposition parties here team up and ask the ministry and the government to provide those documents to this committee.

There are a lot of unanswered questions about the fair hydro plan, as the Liberal government calls it, that was introduced earlier this year, and there are a lot of internal documents that I think would be helpful to this committee, and for the people of Ontario, to understand exactly what the thinking was when the government sat down to design this scheme to cut electricity rates in Ontario.

We know, given some documents that were provided from a court case on the horse racing industry and the decision by the Liberal government to cancel the Slots at Racetracks Program, that there was information that has now been made available that showed there were very, very callous decisions that were being made to kill 23,000 jobs in the horse racing sector and to kill 27,000 horses, because it was a good wedge issue, according to a former Liberal cabinet minister, to divide members of the opposition parties and the leaders, Tim Hudak and Andrea Horwath.

I think it would be very interesting for all involved to see the type of emails that were going back and forth in the discussion to bring forward the so-called fair hydro plan, especially around the issue pertaining to the \$4 billion in extra costs that have been added because the Liberal scheme tries to hide the cost of the fair hydro plan over at OPG, to keep it off the government's books.

I think it would be very telling for this committee, and for the people of Ontario, to know if those same types of cynical conversations and very crass political decisions were being made behind the scenes when it came to how they were structuring this deal. We know that it has happened in the case of picking hospitals over horse racing, as the key lines were trotted out—no pun intended—by the finance minister and the former Premier over that

issue. I think it would be beneficial to all involved to know if those same types of callous decisions were being made, where we're burying \$4 billion in interest costs to keep this off the government's books, so that the public wouldn't be able to see this and the government could continue to say that they're balancing the budget when, clearly, they're not.

Unfortunately, the government members of the committee have no interest in providing those documents, or at least no interest in having a discussion or a debate here this afternoon on whether or not they should be providing the documents to this committee and to the Legislature, as they were required to back in the minority Parliament days. Trust me, it was not easy to get the government and the ministry to turn over the documents during that situation either.

It was a bit of a long shot here—again, no pun intended, given the harness racing context. It was a bit of a long shot that we were going to have the government members engage in any kind of a debate on this. But, clearly, the proper thing for a truly transparent and open government to do would be to supply those emails and documents to the Standing Committee on Estimates.

I don't know, Minister, if you have anything to add to this, but wouldn't an open and transparent government provide those documents to this committee?

**Hon. Glenn Thibeault:** Thanks, MPP Smith, for the question.

As stated yesterday by the deputy in this committee, as stated by myself today in question period, the Auditor General asked for some documents, which we are providing. Over 13,000 of those documents have been provided, and that was a result of 145,000 documents that came from two million.

Deputy, can you explain in detail some of the mechanisms that were used to go from two million down to the 13,000?

**Mr. Serge Imbrogno:** Yes, I can provide a bit of that update.

Initially, we identified 80 custodians that we thought had responsive records within the ministry; we also identified 40 search terms. I would have informed the Auditor General that we were moving forward with this process. When we did the first run of those custodians with the search terms, I think we came out with some two million records. Then we entered a retainer with McCarthy and Wortzmans, who are professional search firms. They have software that allows you to go through faster than you could manually to reduce those numbers. We got that down to approximately 144,000 records. Since that time, we've been going through, because you identify a batch of records, but some of them aren't—they might have a search term in it, but it's for some other purpose. So all those records weren't responsive. The ministry is going through as fast as it can to take those 144,000 records and provide the auditor with all the responsive records.

To date, through that process, we have identified, as the minister said, and provided to the auditor, as of October 13, some 13,000 documents.



**Mr. Todd Smith:** What are some of the key words that you were looking for in determining what the documents were that would eventually end up on the auditor's desk?

**Mr. Serge Imbrogno:** They would have been search terms like "Ontario fair hydro plan," "KPMG," "financing entity"—just anything that you could logically think of related to the work we were doing. But it was not just the financing side. We also were doing all the program development, so "OESP" would have been captured; "RRRP reform" would have been captured; "First Nation rate" would have been captured. It's a pretty comprehensive list, and that's why we ended up with those two million records and then down to the 145,000, with 13,000 provided to the auditor as of the 13th.

**Mr. Todd Smith:** Were there any—

**The Chair (Ms. Cheri DiNovo):** Mr. Smith, you have under two minutes.

**Mr. Todd Smith:** Thank you.

Were there any secret code words that were used to hide the fair hydro plan? Was there anything referred to as "fruit salad" or anything like that? We've seen this movie before in this committee room. Was there anything like that that would have been searched?

**Mr. Serge Imbrogno:** Well, Mr. Smith, that's why we did such a comprehensive process. In the past, we had individuals searching. Some may have been familiar with those terms; others wouldn't. We said, "This time, let's make sure that it's a comprehensive list." There were no secret codes or anything, but if you leave individuals to do a search, some are more comprehensive and some aren't, so that's why we took this very systematic approach. We said, "Everyone, here are the search terms." We did it through the IT process, and then we reduced it further. There were no secret codes or anything.

**Mr. Todd Smith:** Would you and the minister voluntarily turn over what that pile of documents looks like now, to this committee? I know yesterday you mentioned there could be sensitive commercial documents there, but as a committee we can determine anything that potentially becomes public and sit down and talk about that as a committee.

Would you be willing to turn over that stack of documents that you have right now or that stack of emails that you have right now?

**Mr. Serge Imbrogno:** Well, I believe that was the motion that was put before the committee and deferred, so—

**Mr. Todd Smith:** I'm just asking if you, as the deputy minister and the minister, would be willing to provide those documents.

1610

**The Chair (Ms. Cheri DiNovo):** I just caution, Mr. Smith—your time is almost up, anyway—that we get back to estimates. We talk about estimates on this committee. The motion was deferred, just so we know that.

**Mr. Todd Smith:** Okay. I'll hand it over to my friend Mr. Tabuns.

**The Chair (Ms. Cheri DiNovo):** Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you, Chair. Now I am fearful that deferral of the motion will mean that we will run out of time before we get to the motion, which I'm sure was the intent of the deferral.

Notwithstanding your caution, I'll just say that the scale of the waste of public funds, at \$4 billion, is four times that of the gas plants scandal and, frankly, is going to be a lot more damaging. I think refusal to allow release of the files is an extraordinary thing for a government that claims that it's open and transparent. With that, Chair, I will heed your remarks, but it's pretty extraordinary.

I'm just going to go back, then, to the deputy. I'm pretty sure, Deputy, that I had asked for the reports up to 2017. I think I had said that, notwithstanding the order from the Information and Privacy Commissioner, you were again denying an FOI request for those reports on the progress of the Darlington refurbishment. Can you make those reports available to this committee? And will you stop opposing a ruling of the Information and Privacy Commissioner on the release of those reports? So two parts.

**Mr. Serge Imbrogno:** Mr. Tabuns, I just want to be clear, because we're talking about two different things. The initial discussions were on the Mike White reports, the CALM Management Consulting—that was the initial FOI that I was referring to. And as I said, reporting to the committee, those reports were released on July 20.

**Mr. Peter Tabuns:** Of this year.

**Mr. Serge Imbrogno:** Yes, of this year, 2017.

The other request for the current consultant that's working on the Darlington refurb oversight, that FOI request, is still in process. It's working its way through the system, so I can't really disclose or give you any information on that.

**Mr. Peter Tabuns:** Just so I'm clear, because my understanding is different, so I would like you on the record. You're saying that the FOI is in process; you're saying to us that you haven't refused the request for information at this point.

**Mr. Serge Imbrogno:** We're dealing with the Information and Privacy Commissioner, so that engagement is still active.

**Mr. Peter Tabuns:** Sorry. So the FOI has gone in, you've denied it—

**Mr. Serge Imbrogno:** I'm not saying we've denied it. I'm just telling you that right now, it's still an active file.

**Mr. Peter Tabuns:** So when you say you're dealing with the Information and Privacy Commissioner, what does that mean?

**Mr. Serge Imbrogno:** Well, that would be part of our process.

**Mr. Peter Tabuns:** Sorry. Are you sending him chocolates and flowers? Or are you saying to him, "We don't want to comply. Tell us what your ruling is?"

**Mr. Serge Imbrogno:** I think, first, it's not your FOI, so I can't really give you all the details on it. I felt comfortable giving you the previous one because you named



the FOI requester, so we provided that. I don't think I want to give you all those details other than to say that it's an active file that's going through approvals.

**Mr. Peter Tabuns:** In the response to FOI requests, are you adhering to previous rulings of the Information and Privacy Commissioner, in general?

**Mr. Serge Imbrogno:** I think as we do the FOI request, each one is unique, so I can't say that there's a precedent for dealing with FOIs. There could be other issues that come up. We follow the process that's outlined and move forward with the FOI request.

**Mr. Peter Tabuns:** So if I were to file an FOI request for this material, you would have no objections to releasing it to me.

**Mr. Serge Imbrogno:** Which material, Mr. Tabuns?

**Mr. Peter Tabuns:** The current consultant's reports to the minister on an ongoing basis about the status of the Darlington refurbishment.

**Mr. Serge Imbrogno:** I'm saying that that's still going through the process. So if you filed, you would go through the process and we would apply the same criteria.

**Mr. Peter Tabuns:** So you wouldn't deny me.

**Mr. Serge Imbrogno:** I'm not saying that I wouldn't deny you. I'm just saying, at this point, that initial request, not your request—

**Mr. Peter Tabuns:** Yes, someone else's request.

**Mr. Serge Imbrogno:** —is still going through the process.

**Mr. Peter Tabuns:** Right. But if I were to apply, if I were to come to you, you would, having had the decision of the Information and Privacy Commission, have no problems releasing that material to me, given that the IPC has already said that there is no substance to rejecting a request for that material.

**Mr. Serge Imbrogno:** Right, and if we take a real example, if you had requested what we released under CALM Management, that initial request that has gone public—

**Mr. Peter Tabuns:** From 2013?

**Mr. Serge Imbrogno:** From 2013—then that would be released. I'm just saying that the one that's in play right now is still in process, so it's an active file.

**Mr. Peter Tabuns:** Set aside the FOI, then, as a member of this committee. It's part of the estimates process, so I can understand what's going on with Darlington. I'd like to ask that you release those consultants' reports to the committee, and I'd like you to give us an undertaking that you will do that.

**Mr. Serge Imbrogno:** Well, I can't do that, Mr. Tabuns, because it's under the FOI. We're still reviewing it, and it's not in the public domain, so unless there's a motion of the committee to provide that, I can't provide it to the committee.

**Mr. Peter Tabuns:** Okay. I get another chance to ask questions later, so I'll come back to that.

So Hydro One is engaged in purchasing Avista, a US-based utility that owns a very large coal plant. You, Minister, describe this as a benefit for us as a province,

so tell me, what benefit is there for Ontarians to be back in the coal business?

**Hon. Glenn Thibeault:** I think what you're doing there, Mr. Tabuns, is merging two pieces. Owning Avista is a benefit for ratepayers. When it comes to coal, again, as I said yesterday and have said many times, we are the tip of the spear when it comes to eliminating coal from our electricity system.

As Hydro One goes out and continues to look at growing its business, purchasing Avista was one that met with their values. When you look at Avista as a company, they were the very first electricity company in North America to invest in biomass, which is a form of renewable energy. If you go back to 2000, Avista had 23% of its electricity generation through coal, and now they're down to 9%, which is progress. I think we would all agree that the more we can reduce coal use around the world, it's better for all of us who are concerned with climate change.

But again, Ontario is that tip of the spear. We're the leader when it comes to eliminating coal from our supply mix. Looking at all other sectors, we are the only jurisdiction in North America that has completely eliminated coal from our electricity system, and we all should be proud that our electricity system is over 90%—Deputy, is it 92% GHG-free?

**Mr. Serge Imbrogno:** We're at 90%, and it's only 2% of total emissions.

**Hon. Glenn Thibeault:** —and 2% of total emissions.

**Mr. Peter Tabuns:** So what's the benefit to us of being back in the coal business, which is the question I originally asked? I've heard all about us not having coal in Ontario. We've got Hydro One back in the coal business—

**Hon. Glenn Thibeault:** So Avista is—

**Mr. Peter Tabuns:** —and what's the advantage?

**Hon. Glenn Thibeault:** Thank you. Sorry, I didn't mean to cut you off. Did you have anything further to add?

**Mr. Peter Tabuns:** No. I would like the answer to that question.

**Hon. Glenn Thibeault:** Avista is a company that is a separate company that is running in five states in the northwest US, under five American regulators.

**Mr. Peter Tabuns:** Repeat that, please?

**Hon. Glenn Thibeault:** Avista is a company that operates in five states in the northwest of the United States of America, and has five separate regulators. They are two separate entities.

**Mr. Peter Tabuns:** Does Avista not have ownership of this coal plant, or a significant piece of ownership of this coal plant?

**Hon. Glenn Thibeault:** We have no say as to being back in the coal business. We're out of the coal business as a province.

**Mr. Peter Tabuns:** No, but you have a lot of say. You control the board of Hydro One. This is something the Premier has told us time and time again, that even though



you sell off a majority of the shares, you control Hydro One. You are the dominant shareholder.

**Hon. Glenn Thibeault:** We are.

**Mr. Peter Tabuns:** That's what you've said to us, that none of us need to worry our little heads about the fact that we don't have 50% plus one—40% or a little more than 40%; we control it. Hydro One should be reflecting our values. What's the advantage of us being back in the coal business? Because Hydro One is going to be back in the coal business. It's totally contrary to our values.

1620

**Hon. Glenn Thibeault:** Again, when it comes to the board, we have a governance agreement, and that governance agreement dictates how we operate. I'll get the deputy to talk to that, but again, when you're talking about the coal business, you're talking about Avista. When you're talking about Hydro One operations in Ontario, within the jurisdiction that we operate in, we have no coal. We have eliminated coal from our supply mix.

When it comes to the governance piece—Deputy, do you want to talk a little bit about the governance agreement that we had when we did broaden the ownership of Hydro One?

**Mr. Serge Imbrogno:** Yes. Maybe I can just say that in terms of Avista, they have a 9% interest in this coal facility. It's not a majority; it's a small portion of it. Just to—

**Mr. Peter Tabuns:** Are you going to be acting to divest yourself of that 9% so that we're no longer in the coal business?

**Mr. Serge Imbrogno:** No. I just think you said a majority, and I wanted to put the context. It's a small portion. They're a 9% owner of a bigger facility.

I think on the governance agreement, we've probably had a lot of briefings on this in the past. I think at our last estimates committee of maybe a year or two ago, we had Sharon here walking you through—

**Mr. Peter Tabuns:** Yes, I remember Sharon.

**Mr. Serge Imbrogno:** We didn't bring her today, but—

**Mr. Peter Tabuns:** I know. And you're lonely without her; I understand that.

**Mr. Serge Imbrogno:** We do have a governance agreement in place that outlines what the role is of Ontario as a shareholder, what the role is of the board, how many board members we have, how those board members are elected and what is the interaction between the province as owner, with our shares, and all of the other shareholders as well, and the activities of Hydro One.

**Mr. Peter Tabuns:** So nothing about promoting the values of Ontario and nothing about getting out of the coal business and avoiding it in future.

**Mr. Serge Imbrogno:** There are certain things that Hydro One is required to do, like, for example, maintain a head office in Ontario. Those were built into the governance agreement.

I think there was always an understanding from the Premier's advisory council that Hydro One would look outside Ontario to acquire assets. I think when you do look outside Ontario to acquire assets, a lot of the time, you have vertically integrated assets. You have assets that have generation and transmission. I think when you're looking at what's available, sometimes you may have assets that have a small mix of coal in them. I think it was part of a broader strategy, and then the governance agreement outlines what the relationship between the shareholder and Hydro One is going forward.

We had a different relationship in the past. It was more as a manager and not an active shareholder.

**Mr. Peter Tabuns:** How many other coal plants or coal-burning utilities is Hydro One looking at purchasing?

**Mr. Serge Imbrogno:** To my knowledge, I don't think Hydro One is looking to acquire any additional assets at this time. I was just making a general statement. If you look around at a lot of the assets in North America, a lot of them are vertically integrated. If you look at ones in the States, you'll probably have some mix of fossil in that generation mix.

**Mr. Peter Tabuns:** Is it the position of the government of Ontario, and yours, Minister, that Hydro One should not be buying any assets, any utilities, that burn coal?

**Hon. Glenn Thibeault:** Again, it goes back to the values that Hydro One looked at with Avista, right? When Hydro One looked at Avista as a company, the values do match. We talked about how Avista, as a company, slowly eliminated coal from their supply mix. I know the deputy has mentioned that this coal plant is 9%, as well, of the overall component. Really, there is nowhere else in North America that has done what we've done. I know you know those numbers so I'm not going to reiterate that.

It's important for us to continue to talk about finding companies that match values, and Avista does match the values. They've got a strong EV component—a very strong EV component—which, again, we recognize as an important piece as we continue to move forward in addressing climate change. They've got a strong renewable component. And coal is slowly going out.

**Mr. Peter Tabuns:** Minister, I actually was asking a different question, and that is, are you looking at purchasing any other utilities that burn coal?

I guess the second question, to give you a little more to work on: Is it the position of the government of Ontario that Hydro One, which you control, will not purchase other coal-burning generators?

**Hon. Glenn Thibeault:** Part of my statement, and part of my answer to you earlier, is that we're the only jurisdiction in North America that doesn't burn coal. But the second piece is, both the deputy and myself are not aware of any other acquisitions that are being considered by Hydro One.

**Mr. Peter Tabuns:** That's a useful answer. Then I'll go to part 2: Are you in a position to give or have you



given instructions to the board of Hydro One that they are not to purchase other properties that have coal-burning generation?

**Hon. Glenn Thibeault:** Again, when looking at the values that we've implemented here in Ontario, and the values that Hydro One looked at when they purchased Avista—they saw very similar values in a company that was the leader in North America when it comes to biomass and that renewable power.

**Mr. Peter Tabuns:** You actually are repeating yourself, you know.

**Hon. Glenn Thibeault:** Pardon?

**Mr. Peter Tabuns:** You are repeating yourself. I asked—

**Ms. Ann Hoggarth:** So are you. You're repeating yourself.

**Mr. Peter Tabuns:** No, I'm asking a very straightforward question. Are you going to tell the board of Hydro One not to buy any utilities that are burning coal?

**Hon. Glenn Thibeault:** Hydro One and the board of Hydro One and the executive of Hydro One have talked about the values that they recognize that we have in Ontario. They also recognize the values that Avista has, as a company, in ensuring that they continue to be leaders on the northwest side of the continent as well.

Hydro One and the board recognize the values that we have in Ontario. They saw the heavy lifting that we have done as a government to eliminate coal from our supply mix, and recognized that as they continue to move forward, but recognizing, as we continue to move forward, that there is no other jurisdiction in North America that actually has a supply mix that doesn't include coal.

**Mr. Peter Tabuns:** I will assume, then, there are no instructions to Hydro One saying, "Do not buy any utility in future that burns coal." I'm assuming that's not part of your agenda, and that Hydro One may surprise us; they may come up with another coal-burning utility that we'll find out about in a newspaper report some morning. They have no instructions otherwise.

I think you've made your point very clear. I now understand that that's not an issue for you, and that is containing greenhouse gas emissions from other subsidiaries that Hydro One might purchase.

If the only purpose of your ownership is not to advance the values of Ontario, is not to drive a climate-change agenda, what exactly is Ontario's control supposed to do to protect Ontarians? What is your government's goal in controlling Hydro One? Because it doesn't seem to be to protect people against higher rates; it doesn't seem to be to take action on climate change. What you've just said to me that is your interest is simply managerial. That's it.

**The Chair (Ms. Cheri DiNovo):** Mr. Tabuns, you have under two minutes.

**Hon. Glenn Thibeault:** Part of your question is about the action on climate change. The action on climate change by this government is recognized worldwide as a leader. From the elimination of coal from our electricity system, from the creation of our climate change action

plan, we are on track to meet all of our targets. We are recognized as a leader when it comes to climate change action, not only here in Ontario but right throughout North America.

When it comes to even our electricity supply, many of my colleagues from across the country and even those in the US are contacting my ministry to say, "How have you created the supply mix that you have created, to ensure that it's diverse and to make sure that you're meeting your climate change goals?"

**Mr. Peter Tabuns:** And Hydro One has no such instructions to follow that method or that model.

**Hon. Glenn Thibeault:** Hydro One is a very engaged—

**Mr. Peter Tabuns:** No such instructions.

**Hon. Glenn Thibeault:** Hydro One is a very engaged company in understanding the climate change action plan and in understanding the values that we have as a province.

**Mr. Peter Tabuns:** But not propagating them.

**Hon. Glenn Thibeault:** When you look at the purchase that they made with Avista, they found a company that had very, very similar values.

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**Mr. Peter Tabuns:** And given they have no instructions, they would be happy to buy another utility that burns coal. You haven't given them instructions to the contrary. That's pretty apparent from what you've said.

**Hon. Glenn Thibeault:** I think we've continued to answer that question, that—

**Mr. Peter Tabuns:** No, you continue to divert, Minister.

**Hon. Glenn Thibeault:** —they have very similar values with companies out there, and no one—

**The Chair (Ms. Cheri DiNovo):** I'm afraid, Minister and Mr. Tabuns, we are finished with that round.

We are now moving to the government. Mr. Delaney.

**Mr. Bob Delaney:** In our last round of questioning, we had not actually finished some of the discussion that we were having with Kim Marshall from IESO. We had spent some time discussing public sector accounting standards, the degree to which they were specific or not specific, and IESO's discussion of the alternatives which led them to look beyond Canadian public sector accounting standards to US generally accepted accounting principles in terms of rate-regulated activities.

I'm wondering whether we could get Ms. Marshall back to finish some of the discussion that we were having in our last meeting.

Before the Chair asks you, the first thing you should do is reintroduce yourself.

**Ms. Kim Marshall:** Kim Marshall, CFO of the Independent Electricity System Operator.

**Mr. Bob Delaney:** The last time we were talking, you were giving us some of the basis on which IESO came to the conclusion that it was necessary to move beyond an area of ambiguity that existed in the degree to which Canadian public sector accounting standards were silent in terms of rate-regulated accounting. To move forward



on that and finish some of the discussion we had started, determining a structure such as the one chosen by IESO would have required some comprehensive insight and analysis to ensure that the best interests of Ontario ratepayers were protected.

Could you tell us about the decision process: Who was involved, what experts and outside companies were involved, and the degree to which IESO exercised due diligence in ensuring the proper accounting process and standards were chosen to fit the circumstances that you now face?

**Ms. Kim Marshall:** I'll talk a bit about the process, but I'll start with some of the background about the discussions and how the discussions began.

Early in 2017, we had some interaction with the provincial controller's office, which really was the first time we'd had that interaction with a new provincial controller. There were a number of people in the provincial controller's office who we had previously, and I had in fact personally, worked with prior, when I was the CFO of the Ontario Power Authority. The current IESO is from the merger of the OPA and the IESO.

When we merged, we did some analysis in terms of our accounting, and at that time decided to adopt the IESO accounting, which I think I recounted at some point earlier when I was here, so I won't belabour it. But I say that only because there were some people who are very familiar with the OPA and were familiar with me, so they started saying, "What are you doing now and why are you doing it and why aren't you doing this?" It was interesting, because there were also some individuals who had had some experience with the Toronto Stock Exchange, which was used as a comparator for us in terms of being a bit of a clearinghouse for stocks, where we might be considered a bit of a clearinghouse for electricity. In the Toronto Stock Exchange, they also had this market account.

So these conversations started, and I would say the first bit of due diligence that we did, as the IESO, was revisit what we had done with Pricewaterhouse way back when the IESO was first established. We revisited the documentation on there and in fact use KPMG currently to walk through that material to say, "Does it still make sense? What was the rationale? What were the pieces of legislation that they really looked to at that point in time?" We started with that, just kind of revisiting the past.

We then also, as I've mentioned here before, said, "Let's start taking a look at the legislation of the IESO currently," and how that had evolved, particularly during the merger period, and what aspects of, in particular, the Ontario Power Authority mandate were brought in, and how that was reflected. Then we also, as I mentioned yesterday, went through what our peers are doing, what they are doing in other areas within North America.

So there was a fair amount of research going on, to talk about this. This all started in that January time frame through to February.

We had conversations with our board along the way, and with our audit committee in particular. As a manage-

ment team, we felt that the disclosure of market accounts was something that was important to us, again, from a transparency point of view. It did reflect that big piece of work that we had not really focused on. Frankly, we also said that we didn't think that our board had focused as much as maybe they could, and they also started to say at that time, "Well, wait a minute. This is a big piece of the mandate that we need to spend more time on."

All of that activity was going on in January through to about the middle of February.

At the same time, the regulatory assets—the smart meter in particular was one that had been onerous for us in terms of explaining why we did it for a management purpose and why we did it differently for our statutory statement. These things all came together around that mid-February time frame, what we had done with the OPA. We also had some new board members, so a refresh just made sense at that time.

I will say that KPMG was very, very supportive, because they even wondered: Maybe we needed to have a more formal process, where we re-looked at our policies every year and said what had evolved in terms of our role.

I would say that as part of the 2016 year-end audit, this is when we brought this forward to our audit committee. We'd had a number of special meetings throughout this period to walk through, because every time we brought forward more research, our audit committee wanted a little bit more research. So we had a fair number of audit committee meetings to discuss this. Frankly, we wanted to make sure the timing lined up with our 2016 year-end audit.

It was actually in March when our board accepted the accounting change officially. Just to give you some chronology for that, I think it was on a Wednesday or a Thursday, and then I was the person to reach out to the Auditor General's office to give them the heads-up. I personally called Bonnie Lysyk at that time.

What then happened, interestingly enough, was that Bill Pelow, who is part of the Auditor General's office, reached out to KPMG, because they do have an oversight role with respect to the IESO. Bill reached out to KPMG and set up a time for the office to go out and walk through the KPMG working papers on that front. Subsequently, Bill Pelow reached out to me and we had a meeting of KPMG, the Auditor General's staff and the CEO at that time, Bruce Campbell, and I. I don't remember the specific day, but it was in that time frame. That was the beginning of a number of meetings with the Auditor General, with KPMG or with the IESO etc., to walk through this process.

I do want to say, it was very much that we viewed it—as I've said here before, this was how we affected our balance sheet. It had no impact on our income statement; it had no impact on the ratepayer; it had no impact on our fee.

Is that enough detail there?

**Mr. Bob Delaney:** Okay. Just for clarification, then: KPMG is IESO's auditor?

**Ms. Kim Marshall:** Yes.

**Mr. Bob Delaney:** Okay. Just for the committee's record, KPMG is one of Canada's largest firms of auditors and accountants.

*Interruption.*

**Ms. Kim Marshall:** Is that mine? I think I have to take this out.

**Hon. Glenn Thibeault:** I can answer that: I believe so.

*Laughter.*

**Ms. Kim Marshall:** Sorry about that. I have something going on, and I just wanted to make sure—but frankly, that was KPMG calling.

**M<sup>me</sup> Nathalie Des Rosiers:** They wanted to say yes.

**Mr. Bob Delaney:** Maybe we could just patch them in.

**Ms. Kim Marshall:** I spend a lot of time with them these days.

Sorry. Where were we? Sorry about that.

**Mr. Bob Delaney:** KPMG is IESO's auditor, and KPMG is one of Canada's premier auditing and accounting firms, right?

**Ms. Kim Marshall:** Yes.

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**Mr. Bob Delaney:** Okay. Did you receive an unqualified opinion from KPMG on your 2016 financial statements?

**Ms. Kim Marshall:** Yes, we received what would be termed an unqualified or clean audit opinion from KPMG with respect to our financial statements, inclusive of the two changes that we made: the disclosure of market accounts and presenting smart meters as a regulatory asset.

**Mr. Bob Delaney:** Okay. So the 2016 statements did, then, include the regulatory accounting?

**Ms. Kim Marshall:** Yes.

**Mr. Bob Delaney:** Okay. Did IESO include these transactions on financial statements prior to 2016?

**Ms. Kim Marshall:** They had not been on the IESO financial statements prior to 2016, but I'll just echo again that similar accounting had been used in the Ontario Power Authority financial statements for almost 10 years, which were consolidated into the province.

**Mr. Bob Delaney:** Okay. Is there any other comment or point that you want to make on this particular matter at this time?

**Ms. Kim Marshall:** The only thing I would comment on is KPMG's process around this. KPMG took this very, very seriously. As I mentioned, we had many conversations with our audit committee. KPMG had many conversations with our audit committee without management in the room, frankly, to just ensure that the external auditor, in effect, reports directly to the audit committee, independent of management. They have that right to have that interaction and that communication. They took it very seriously. It was an important decision for us.

I would also say that KPMG involved—for example, some of the people in there were their "risk" people. It was a pretty fulsome analysis that was done around the 2016 year-end audit.

**Mr. Bob Delaney:** Okay. Are there any concluding comments you have that you'd like to make?

**Ms. Kim Marshall:** The only thing I would add is that—and I've made this comment before—in the absence of the fair hydro plan, these changes still make sense for the IESO. I think I just want to make that point.

**Mr. Bob Delaney:** Okay. Thank you very much, Ms. Marshall. Those are all the questions I have for IESO. I especially thank you for providing the substantiating detail for the type of decisions that we often just see the end result of. I think in this case that an opportunity to examine the thinking that went on behind the scenes and the rationale for the decisions that you've made is going to prove helpful not merely to this committee but to some of the others that may examine some of the issues that give rise to the decisions that led to the fair hydro plan. On behalf of the government members, I just want to thank you for your time to appear before us here over the last two days.

**Ms. Kim Marshall:** Thank you.

**Mr. Bob Delaney:** How much time have we got remaining on this round?

**The Chair (Ms. Cheri DiNovo):** We're just trying to calculate that, sorry.

About seven minutes left.

**Mr. Bob Delaney:** About seven minutes? Okay.

I'd like to talk about some of the funding of support programs. I have a few process-related questions that either the minister or the deputy may wish to answer, or ask any of the other supporting staff to come and assist.

As part of the changes announced in the fair hydro plan, the Ministry of Energy announced some changes to several support programs. As well, the ministry communicated that these programs would be funded differently. This is some discussion that we've had in a little bit of detail so far, but I'd like to, at this point, ask for an explanation of how the changing of the funding of those social programs works and what difference it's going to make on people's electricity bills.

**Mr. Serge Imbrogno:** Thank you for the question. I'm just going to ask ADM Carolyn Calwell to come up. Carolyn's division did the bulk of the heavy lifting on what we call the electricity social programs, so I'll let Carolyn introduce herself.

**Ms. Carolyn Calwell:** Thank you, Deputy. I'm Carolyn Calwell. I'm the acting assistant deputy minister of strategic networks and agency policy division of the Ministry of Energy.

In the past, the cost of two social programs, the Rural and Remote Rate Protection Program, or RRRP, as we call it, and the Ontario Electricity Support Program, or OESP, were funded by ratepayers. The average electricity consumer in Ontario contributed about \$2.50 per month to fund these important programs.

However, in recognition of the broader social benefits of these programs, as part of Ontario's Fair Hydro Plan, we've transitioned the vast majority of these costs to taxpayers, leading to real month-over-month savings in the regulatory charge of consumers' electricity bills. These programs have also been expanded to provide



greater benefits to more consumers, at no additional cost to ratepayers. The new First Nations Delivery Credit is also funded by taxpayers and will not be charged to electricity consumers.

The social programs are targeted to some of the most vulnerable consumers of Ontario, including those with low income and those in high-cost rural areas of the province, to ensure that our electricity system recovers costs in a fair and equitable manner.

**Mr. Bob Delaney:** Okay. The fair hydro program also announced additional relief for consumers who live in rural or remote parts of the province. These consumers often struggle with higher delivery charges than those who live closer to our sources of generation or live in areas where it's harder to maintain the poles and the wires. As my local electrical utility, Alectra, has put it to me, a lot of the charges relate to whether you have more poles than people or more people than poles, in the lingua franca of a distribution company.

So the Rural and Remote Rate Protection Program previously helped those consumers, but perhaps you could explain what actions were taken in the fair hydro plan to broaden that relief?

**Ms. Carolyn Calwell:** Thank you for the opportunity to address this question. As part of the fair hydro plan, the government introduced the distribution rate protection program, or DRP, that provides distribution rate relief for those residential consumers that are served by LDCs with some of the highest distribution rates. Those LDCs are Hydro One, which includes the R1 medium-density and R2 low-density consumers; Algoma Power; Atikokan Hydro; Chappleau Public Utilities; InnPower; Lakeland Power, in the Parry Sound area only; Northern Ontario Wires; and Sioux Lookout Hydro.

Eligible customers of those LDCs will not pay more for base distribution rates than \$36.43 per month, the maximum amount set by the OEB for 2017. In other words, the base distribution costs for these customers will be brought down to \$36.43, their maximum monthly distribution cost. The distribution rate relief provided by the RRRP and the distribution rate protection program will offset potential rate increases, if any, that may be approved by the OEB over the course of the year. This rate relief will also augment any rate decreases, if approved and implemented by the OEB, for these eligible consumers.

**The Chair (Ms. Cheri DiNovo):** Mr. Delaney, you have under two minutes left.

**Mr. Bob Delaney:** Okay.

**M<sup>me</sup> Nathalie Des Rosiers:** I just had one question.

**The Chair (Ms. Cheri DiNovo):** Madame Des Rosiers.

**M<sup>me</sup> Nathalie Des Rosiers:** Yes, just one question: Would you say that all these programs were either poverty alleviation programs, or were they to alleviate disparity between regions, and that's the reason why they were moved to the general income base, as opposed to staying on the ratepayer? Is that it?

**Ms. Carolyn Calwell:** Yes, the programs are aimed to assist people with electricity rates. They were recognized

as having a social benefit for people and so were appropriate to be part of the tax base.

**M<sup>me</sup> Nathalie Des Rosiers:** And that's the reason, to make a difference between what stays with ratepayers and what moves off the ratepayers grid.

**Ms. Carolyn Calwell:** That's right.

**The Chair (Ms. Cheri DiNovo):** We now move to the official opposition. Mr. Smith.

**Mr. Todd Smith:** When the decision was made to bring in this electricity rate cut and you were sitting around brainstorming who was going to benefit from this plan, why were small and medium-sized businesses not included, manufacturers in particular, in any of the rate relief, given that those manufacturers employ so many people in Ontario, are under enormous pressure and are constantly being poached—or at least potentially being poached—by jurisdictions that are low-cost-energy jurisdictions? How did you go about determining whether or not those small manufacturers and medium-sized manufacturers were going to be able to qualify for any rate relief? I shouldn't say "any"—a very modest 2% relief?

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**Hon. Glenn Thibeault:** In terms of the overall question, I'll just get to that.

When we took those social programs that we were just talking about off of the rate base and put them onto the tax base, everyone—all businesses—would benefit anywhere between 2% and 4% on that. You're right; that is a modest decrease for those.

We also, when we looked at the fair hydro plan, recognized that the fair hydro plan would apply to every single household in the province, with a 25%, on average, reduction. But it also applied to 500,000 small businesses and farms. That was good news in that sense, because then you know it's many of these smaller small businesses that actually would get that 25% reduction.

We then started looking at some of the programs that were in existence and some of the benefits that we could try and bring forward to help them. With our large industry, we're seeing, again, that modest decrease of 4%. Northern Ontario has the northern industrial Electricity Rate Program, which is great for many of our large companies.

The ICI program, which started out at five megawatts, really was only applying to some of those large industries. The changes that we've been able to make—since my time as Minister of Energy, we reduced that threshold, because it was originally at five megawatts, dropped down to three megawatts, and then some of the changes that I've been able to implement have dropped it down to one megawatt.

Then with specific NAICS codes, it can drop down even further to 500 kilowatts. Deputy, maybe you can talk about the specific industries that qualify for the even lower ICI program as part of the fair hydro plan.

**Mr. Serge Imbrogno:** As the minister said, the one-megawatt-and-above is open; the below-500-kilowatts-to-one-megawatt was really targeted at many manufacturing firms that were export-oriented, and there are

specific codes that capture those firms. There are about four codes; mainly manufacturing, data centres, high-electricity-intensive users.

**Mr. Todd Smith:** There are many, many small and medium-sized manufacturers out there that don't qualify for the ICI program because of just-in-time delivery and because there's not the consistent 500-kilowatt usage that they need to meet that threshold on a consistent basis every month. And so there are many that are falling through the cracks and get very, very little as far as relief goes.

But I'm just wondering, when you sat around and you were spitballing what you were going to do here on this rate relief plan, did you take into consideration these small and medium-sized manufacturers that are so vital to providing jobs in our community and who are, quite honestly, being poached on a weekly basis, or being offered better electricity and energy deals in other jurisdictions? Did you take them into consideration?

**Hon. Glenn Thibeault:** Of course we considered all industry—large, small, medium and residential.

The one thing that I think is important to mention when it comes to small and medium-sized enterprise is the Save on Energy program, recognizing that, as a government, we didn't do a good enough job of making sure that many of these small businesses and medium-sized enterprises knew that this program was out there and that they can actually invest some capital, get some of that capital back and then lower their rates and conserve and help the whole system. Part of the fair hydro plan was to make sure that we got that message out. At the same time, we signed a memorandum of understanding with the Ontario Chamber of Commerce to actually work with all of their members to make sure that we can get out to as many of these important businesses that you're rightfully mentioning to be able to tell them about these programs. You mentioned yesterday that you were visiting locations, and obviously, so am I. In many of these instances, MPP Smith, when I am there talking to businesses, there will always be one or two that will come up and say, "I didn't know these programs exist." That's kind of frustrating on my part, because that's when I know we—a collective "we," this building—could do a better job of making sure that we talk about those programs.

That's why we signed that memorandum of understanding with the chamber of commerce. For example, I know they're touring the province right now and have an event—not that I'm trying to plug it, but it's in my hometown of Sudbury on Friday—to talk to those specific businesses about the benefits that are there. I'll let you get right to your question, because you're looking like you have another one, but we're going to continue to work to find ways to help our customers.

**Mr. Todd Smith:** Well, quite honestly, it might be too late. It might be too late for a lot of them and it already is too late for many of them who are leaving the province. I mean, we hear story after story of businesses that are closing up shop because of the instability, uncertainty and unpredictability.

These are businesses that need to know what their costs are going to be because they're trying to budget ahead. It doesn't seem like there's any rhyme or reason to what's happening in the energy sector in Ontario these days. There's no stability for them; there's no predictability. If they conserve, it seems as if they're being penalized for conserving because their global adjustment goes up.

What do you say to those small and medium-sized businesses that have spent, in some cases, hundreds of thousands of dollars to conserve, to try to be good citizens in their community and reduce their usage with the end goal of reducing their electricity bill, and then they're not seeing any reduction at the end of the month? They're actually seeing the bills go up. I talk to so many people who are so frustrated about that. What can you possibly say to somebody who is in business, their global adjustment is going through the roof, and they don't know how much higher it's going to be month to month?

**Hon. Glenn Thibeault:** Maybe, Deputy, you can explain how the system works between the global adjustment and the hourly price of electricity, because the two actually go hand in hand. Having an understanding of that would be an important piece for many of these businesses as well, but there are programs in place that actually help these businesses reduce those costs.

Deputy?

**Mr. Serge Imbrogno:** Mr. Smith, I think we do recognize—we call them class B consumers, so they're not large enough to be in the ICI program and they're too large to benefit from some of the other measures, like the 8% rebate of the HST. Part of that is there are tools that are available to help, not just within the rate base: conservation programs the minister mentioned—

**Mr. Todd Smith:** But they're not working for them.

**Mr. Serge Imbrogno:** Well, I'm trying to explain the rationale for why there's a focus on residential customers. I think there are more tools available outside the rate base that could be used for small business that aren't in our program for rates. There's the tax system. There's the federal government. I think there are just more tools available to help these commercial companies.

Like you, we meet with a lot of these small businesses that are in that class B category that are finding it difficult not just on electricity rates, but I'd say competitiveness in general. We are working not just within energy, but with economic development and trade and finance to look at other options that we could go forward with. But we are, within energy, focused on how we can be as efficient as possible, how we can give them the tools to allow them to conserve and pay less than they would otherwise. So those are, I guess, a package of things that we're looking at. It's not just focused on electricity, but broader.

We also have the cap-and-trade proceeds with GreenON. They're looking at programs that are targeted at manufacturing firms to help them reduce GHGs, but also become more efficient. I think there's a package of things that the government is moving forward with.



**Mr. Todd Smith:** Yes, and they would argue that the package of things that the government is moving forward with is actually making competitiveness more and more difficult and more of a challenge for them. It's things like cap-and-trade that are making it more difficult for business. It's things like the minimum wage increase and Bill 148, which are currently before the Legislature, that's another challenge, then the rising cost of electricity on top of that, and the burden of red tape and all of the overregulation in the sector. When they're getting hit with all of these things on a regular basis—and it's not just one or two businesses that I'm hearing this from. There's a whole coalition of concerned manufacturers now in Ontario that have grave concerns about the future of any type of manufacturing in Ontario.

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When they look at other jurisdictions where they can go for a fraction of the cost on their energy bill—and they're being promised that on a weekly basis, as I say, by not just jurisdictions in the southern United States but right across the border in St. Lawrence county, in upper New York state, where they're being told, "Hey, you can come here and locate and pay less than half on your energy bill compared with what you're paying right now in Ontario." They need that stability. They need that comfort to know that they're not going to get whacked every time they open their electricity bill because that makes them, obviously, a less competitive company.

Is there any hope for these companies? Because they feel like the government just doesn't care.

**Hon. Glenn Thibeault:** I'm not sure 100% if the Ministry of Economic Development and Growth will be coming here, but you can talk to that ministry—

**Mr. Todd Smith:** They're not.

**Hon. Glenn Thibeault:** They're not? Unfortunately then—I'll talk a little bit about the growth that we're seeing in this sector. MEDG is working hard to continue to see that sector grow within the province.

But one of the things I want to get back to: When the deputy was talking about the package that is coming forward—even some of the changes that we're making to net metering, for example—I know you and I were at this committee; we talked about that yesterday. The changes that are coming forward with net metering allow for small commercial enterprises to get engaged with this now, which again actually helps us.

I think of the mom-and-pop pizza shop on Main Street that every one of us may frequent once too often, but it's great to see. Most of their energy use is at 5 o'clock, right? When you don't have time to make supper you stop and pick up a pizza. You pick up whatever. And so having net metering, allowing them to actually utilize some of the power that they're going to generate, is a benefit for them.

We're working, as are you—we're not just listening but we're continuing to work with all of our class B consumers to make sure that we're hearing what they're saying and acting on the programs, and then making sure that we tell them about the Save on Energy programs,

because they do benefit from this when they find out about it. As I've been telling every small business in every community that I've met with, "Contact your local utility." As you would well know, they're the experts. They would be able to say, "This is your bill. This is what we can do. This is where you will see the savings, and this is how much you can get back." It truly is an important program that we all need to continue to promote to help all of those businesses that you are talking about.

**Mr. Todd Smith:** When it comes to distributed energy, for instance, you might have a manufacturer in Trenton, Trenton Cold Storage, that is having a serious nightmare with trying to figure out what their electricity bill, quite honestly, is going to be every month. They are actually considering going to their own distributed energy and coming off the grid as much as they possibly can. That's good for them, but that makes it more difficult for those who can't those investments in their facilities. Do you not see the problem there with the companies that can afford to make those investments and produce their own electricity? It's going to be everybody else that ends up bearing the costs because of all the fixed contracts that are in place in the generation of electricity in Ontario.

**Hon. Glenn Thibeault:** An important thing too to recognize is part of the package that the deputy was talking about, and I can maybe get him to get into some of the details of that, but the GreenON fund is now going to be looking at the commercial enterprises and providing an opportunity for them to actually get engaged. What those programs will be is something that our ministry will continue to work with our colleagues on, from the Ministry of the Environment and Climate Change to MEDG to others.

Deputy, if there are other things that we should be highlighting, it might be important for us to do that.

**Mr. Serge Imbrogno:** Yes. Maybe I can talk a bit about—I guess your example is when these industrials or commercials set up their own facilities to manufacture electricity. The bulk of them are not going to remove themselves from the grid; they'll still be connected.

It also allows us to take account of that production and generation, and reduces the amount that we have to produce at the grid level.

I think there has to be an optimal amount—you can't have everyone doing it at the same time—and we need to make sure that people are properly incented, so that the economics work in the end. I think that if you plan the system correctly and you take into account these opportunities at a system planning level, you can do less at the bulk level and do more at the distributed-energy level.

I think the plan with the IESO is to get more connected at the distribution level. Right now, they don't have a lot of insight. I think you'll see that with the long-term energy plan, we want there to be less of that disconnection, and having local distributors work more closely with the IESO and, within that distribution sector,

work more closely with firms that have that capacity. So it's more of an integrated system as long as you take that into account when you're planning.

**Mr. Todd Smith:** Companies are throwing their hands up in the air, though, and saying, "Okay, we can't deal with this anymore. There's no stability; we don't know what's happening," and they are going off-grid. Right? They're bringing in their own generation.

Do you have any idea of the number of companies that have completely gone off-grid and are self-sustaining now? Is that something that you or IESO would have?

**Mr. Serge Imbrogno:** The IESO has programs that provide support for companies—an industrial accelerator program, for example—so they would have a list of companies that are participating in that program. I don't have it off the top of my head.

I don't think anyone has gone off-grid.

**Mr. Todd Smith:** No one has gone off-grid?

**Mr. Serge Imbrogno:** Not that I'm aware of. I think it's very difficult for them to sustain 100% generation. If they set up a CHP plant, they would use that effectively, but they wouldn't remove themselves from the grid.

There will be a list within the IESO of who has been accepted into that program and where they are in capacity.

**Mr. Todd Smith:** I'm not so sure about that.

**The Chair (Ms. Cheri DiNovo):** Mr. Smith, you have under two minutes.

**Mr. Todd Smith:** Okay, thank you.

I think there are companies that have gone off-grid because they didn't want to be paying for their Hydro One hookup any longer.

**Mr. Serge Imbrogno:** Maybe our definition of "off-grid" is different.

**Mr. Todd Smith:** Well, maybe it could be. Okay.

I did have a couple of other questions.

**Hon. Glenn Thibeault:** You have two minutes. Take your time.

**Mr. Todd Smith:** I have two minutes. I've been thrown off.

I know of companies that have certainly considered going off-grid, and there are companies that have actually considered going together and sharing a generator. But they have that guilt complex by doing so, because they know everyone else is going to be penalized because their cost of electricity, their cost of energy, is going to rise as a result of that. They want to be good neighbours so they've chosen to stay on for now and keep their fingers crossed and hope that there is some kind of sanity restored to the electricity sector in Ontario in the near future, so that they can continue to operate here.

Are you not hearing those stories, Minister, as you travel around and talk to small and medium—even the Association of Major Power Consumers in Ontario was here this week, and they're as frustrated as the small guys are.

**Hon. Glenn Thibeault:** Yes, I'm hearing those stories. Like I said earlier, we're making sure that people are well aware of the programs that are out there. We're

also trying to make sure that people understand that the ICI program exists.

I have an example. I went out to an automotive place in southwestern Ontario, and they were getting an award for the saveONenergy program, in which they were able to save about \$100,000, I think it was, if I can recall this event in my head correctly.

Knowing the size of the facility and seeing the workload that they had within their facility, I said, "What's your savings on the ICI program?" They said, "What's the ICI program?" I said, "You've never heard of it? You haven't heard of this program?" Fortunately—

**The Chair (Ms. Cheri DiNovo):** I'm sorry, Minister. You'll have to hold that thought. We're at the end of that time.

We're now going to move to the third party: Mr. Tabuns.

**Mr. Peter Tabuns:** I'll just follow on my colleague's questions. There may be a lot of firms that are not going entirely off-grid, but I understand that a number have set up CHPs that have allowed them to cut their demand dramatically. Are you seeing cuts in demand from industrial facilities in the 50% to 75% range?

**Mr. Serge Imbrogno:** I don't have those exact figures, but if you set up a CHP plant, you would probably expect something in that range.

1710

**Mr. Peter Tabuns:** Will the LTEP be setting out an assessment of how big that migration from the grid is going to be over the next five years?

**Mr. Serge Imbrogno:** I think the LTEP will take that into account. I think it looks also, as I mentioned, at how you integrate distributed energy resources better into the planning process at the regional planning level and how you incent those facilities to participate more in market renewal. I think we recognize that this is happening, and we want to integrate that more when the IESO does their regional planning to take advantage of it.

**Mr. Peter Tabuns:** Okay. I'm going to go on to another area of questioning, and that's climate adaptation and climate preparation. Deputy, you've been around for these questions through a number of sessions with different ministers, and Minister, this is your second round. When you are instructing the IESO and LDCs to prepare for a different climate, what temperature increase are you expecting globally? Are you telling them to prepare for a 1.5-degree world at 2030? A two-degree world at 2040? What are exactly are you telling them is the standard that they're going to have to meet in the next few decades?

**Mr. Serge Imbrogno:** I'm going to ask one of our subject experts to come up. We've done a lot of work on climate adaptation, and I don't want to—

**Mr. Peter Tabuns:** I would be very happy to have one of your staff come up.

**Mr. Serge Imbrogno:** I think Carolyn will walk you through a lot of the detail on what the ministry is doing. MOECC is the lead. They have a process that we're updating. Carolyn can walk you through that. I'm not sure if we have an exact answer to your specific question,



but I think we'll give you a sense of what's happening within the government, IESO and other agencies.

**Mr. Peter Tabuns:** I'll ask questions; I'll see if I can get responses to those. Once I've gotten through my questions, if we have time, I'm happy to have other information.

Could you introduce yourself for Hansard, and we can go from there.

**Ms. Carolyn Calwell:** I'm Carolyn Calwell. I'm an ADM at the Ministry of Energy.

**Mr. Peter Tabuns:** Thank you, Ms. Calwell.

**Ms. Carolyn Calwell:** Thank you.

**Mr. Peter Tabuns:** What kind of world are you planning for at this point?

**Ms. Carolyn Calwell:** A number of things are happening at the climate change adaptation level. First, at the bulk system level, we're thinking about this in conjunction with our North American counterparts. As part of the North American Electricity Reliability Corp., the IESO participates in the planning with them, and they're working towards standards that are being adopted across North America.

**Mr. Peter Tabuns:** So I'll go back to my question. What temperature increase are you planning for at what dates? By 2030, are you expecting the world will be 1.5 degrees hotter? Are you expecting it will be two degrees? What are the dates and what are the targets?

**Ms. Carolyn Calwell:** There's no question that people are thinking about climate change adaptation. They're not necessarily thinking about it in the way that you're talking about. At both the bulk system level and the distribution system level, people recognize that climate change adaptation is a real and important issue and one that needs to be addressed. But climate change adaptation goes with all kinds of things, like the risk of ice storms, the vulnerability of the system to increased water levels. There are a lot of different elements that come into play with climate change adaptation. Focusing on temperature alone, for instance, might not provide the comprehensive approach that the system needs.

**Mr. Peter Tabuns:** I understand your rationale. But if the world is at one temperature, you'll have a certain level of extreme weather events. If it's a higher temperature, you will have another level of extreme weather events. At a still higher level, you will have even more extreme events. So I'm trying to understand what kind of world you're planning for. If I'm running a port on the ocean, I'm expecting the sea level rise to be a foot or two feet or three feet. The world temperature and the timing will be of consequence to my plans. What are you planning for? What is the context that you expect?

**Ms. Carolyn Calwell:** Within Ontario, we know that rising sea levels, for instance, are not our biggest threat.

**Mr. Peter Tabuns:** I agree.

**Ms. Carolyn Calwell:** But ice storms are a very real threat and one that we've lived through recently. That anticipation is how we're guiding our planning at this point. I'm not an expert in climate change modelling, but my understanding is that that work is ongoing. It's still,

in some respects, uncertain in the sense that it anticipates a lot of different variables. We're not pegged to a certain temperature level or to a certain expected future at this point. As climate change modelling evolves—and I know that my colleagues at MOECC are thinking about that a lot and doing some work on that front—we will be looking to the best modelling to try to inform us.

What we know today is the environment in Ontario, and we can anticipate certain things. For instance, flooding is a very real problem. We've heard and there have been many media reports about, for instance, substations being flooded in the Toronto area. Those are the sorts of real circumstances that we're trying to deal with.

**Mr. Peter Tabuns:** So—

**Mr. Serge Imbrogno:** Sorry; may I just add to that that we know that MOECC is leading an all-ministry climate change adaptation committee. That's a work in progress, and MOECC may have more of those details that you're looking for, Mr. Tabuns. I think what Carolyn and her team are focused on is, what does OPG need to do, what does Hydro One need to do, what does IESO need to do, what do the LDCs need to do, and how do we move forward with these immediate plans? I think MOECC would have that bigger picture. I would suggest you do scenarios depending on where you think the climate will be over the long term.

**Mr. Peter Tabuns:** Are you planning for an ice storm every year? Are you planning for an ice storm on a 10-year return? Are you planning for floods that will hit transformer stations every five years? What's the frequency of the extreme weather events you're planning for and what scale are you planning for?

**Hon. Glenn Thibeault:** I can talk a little bit about what we're doing with the OEB in the sense of this. The OEB, under its enabling legislation, has a responsibility to protect all of the interests of the ratepayers, which is making sure that our lines are up. The OEB is requiring our electricity utilities to publicly report scorecards that measure how well our utilities are performing each year in meeting these requirements. The system reliability measure will include reporting on the frequency and any possible upcoming duration of outages.

We can talk about some of the extreme weather events. The OEB has determined that it should undertake a review of this as well, and the process of notification of emergency events, notifying the OEB, and the assessment approach of utilities' performance following an event, including the restoration of service and costs that are incurred.

The OEB has also, in conjunction with us, commenced a new initiative related to reliability measures and objectives. The purpose of this is to determine a definition of a major event that will be used to normalize reliability performance data, because this relates to the energy sector; develop criteria and new reporting requirements that will be used to evaluate a utility's response to a major event; and establish customer-specific system reliability measures and associated new reporting requirements.

Every large entity, from the OEB to OPG to the IESO, is now moving, Mr. Tabuns, to understanding the importance of adaptation and being able to react to, as I think you're eloquently identifying, the fact that our 100-year storms are now five to six years, if not even sooner than that. Everyone is working together on this to make sure that our energy sector is adapting.

**Mr. Peter Tabuns:** At this point, you don't know what you're adapting to because you don't know how frequent the storms are going to be. You haven't projected that. Is that fair? You haven't agreed on a definition of what you're adapting to.

**Hon. Glenn Thibeault:** No, no. I think you're misinterpreting. What I was trying to get at is the MOECC is the organization that we will work hand in glove with. The MOECC is the ministry that is identifying a lot of these numbers and would probably be able to give you a lot of those specifics. We will then act accordingly to meet the needs of what the system operators and the system will need to ensure that we're adapting appropriately.

1720

**Mr. Peter Tabuns:** I'll just note that you had a panel that came out in 2009 saying that you had to be ready for this. It's now eight years later, and you still haven't established a standard that you're working to, which is pretty shocking to me.

I'm glad you're working—it's better than not working—but it has been eight years. We went through the ice storm in 2013. It had a big impact on my riding. It had a big impact on a lot of people in Ontario. We went through the flooding of the Hydro One transformer in the west end of the GTA in the summer of 2013.

I'm taking from what you've said that you're working toward this but you don't yet have a standard.

**Hon. Glenn Thibeault:** I was trying to think of your time too.

I could go through and outline all of the adaptation actions that are being done by all of our agencies. From the IESO: The IESO maintains a list of all registered market participants, including over 200 names of generators, consumers, LDCs, transmitters, traders and centralized forecasters, to make sure that we can work with and actually move forward—

**Mr. Peter Tabuns:** You actually gave me that information last year. I printed out the transcript.

**Hon. Glenn Thibeault:** That's great. It's good to know that everyone is continuing to work on this.

**Mr. Peter Tabuns:** The question is, do you actually assess their plans on an ongoing basis? Every year, do you say, "We'd like to see your climate adaptation plan, and we'd like to know if you've identified vulnerabilities. If you've identified vulnerabilities, what action are you taking to deal with them?" Is that an annual assessment?

**Hon. Glenn Thibeault:** It's done every 18 months. When I'm talking specifically about the IESO, they establish forecasts for Ontario's electricity system that include temperature fluctuations and those severe storms. They've done exercises that will predict how various

extreme events across North America would affect our system alone. This research allows the IESO to increase the grid's preparedness for any of those potential cascading outages. The IESO has a variety of operational options to maintain reliability when faced with many of those extreme weather conditions that we've talked about—outages that can be cancelled or deferred. That's just the IESO, for example.

**Mr. Peter Tabuns:** Do I understand, then, that the IESO every 18 months is checking in with all the market participants to make sure that they have an adaptation plan in place? You're nodding, but I'm not hearing words.

**Hon. Glenn Thibeault:** As I was saying, it's part of their plan that has been outlined. They've established the forecasts for this, and they're looking at, as I said, taking on many of these exercises and working with all of the other groups as well. Maybe Carolyn or the deputy want to get into some of those details.

**Mr. Serge Imbrogno:** In terms of the IESO, they require market participants to submit annual emergency plans showing their level of preparedness to react to emergencies and their ability to comply with reliability standards. It's a yearly requirement of the IESO.

We recognize that at the bulk system level, with OPG, Hydro One and IESO, that we had strong adaptation plans. The minister talked about the OEB changing the scorecards for the LDCs, that there was more work to be done at the LDC level, and that's why the OEB changed requirements on reporting to make sure we have insight into what the LDCs are doing as well. We're looking at more of an integrated response to adaptation.

**Mr. Peter Tabuns:** So the LDCs are preparing plans to show how they will prevent outages—is that correct?—or respond to outages.

**Hon. Glenn Thibeault:** I think it's a combination.

**Mr. Serge Imbrogno:** Yes. It's more to demonstrate how they're responding and for the OEB to track their response over time. With data, they can determine who is maybe lagging and who needs to improve.

**Mr. Peter Tabuns:** I'll just say—and I'll hearken back to a previous stage in my career—I chaired the Board of Health for the city of Toronto and had an opportunity to talk to a lot of people in the public health field.

The goal of public health is to be boring; that is, if there's no epidemic, everybody is happy as a clam. If there's an epidemic and there's a good emergency response, that's a good thing, but the number one thing they want to prevent is an epidemic in the first place.

From what you've said, Deputy, and what was said to me last year, a lot of your focus seems to be on responding when you have an emergency—when things fail—which is not a horrible thing. I'd rather have hospitals than not have hospitals. I think it's a good thing, but I don't want the power to fail in the first place.

Is the IESO asking the participants to identify vulnerabilities and inform you on an ongoing basis how those vulnerabilities will be addressed?



**Mr. Serge Imbrogno:** I don't want to give you that impression. What I was trying to say, and I didn't do it effectively, was that we have very strong plans for OPG, very strong plans for the IESO and very strong plans for Hydro One. We need stronger plans for the LDCs, and we're moving to ensure that that's happening through the OEB process.

**Mr. Peter Tabuns:** And these are plans to prevent failure?

**Mr. Serge Imbrogno:** To prevent failures, and you need data to say, "How are you doing now?" Based on that, you can better say, "What do you need to do better?" I think that process is starting more at the LDC level.

To be fair, some of the larger LDCs are more advanced than others, so you would expect Toronto Hydro, for example, to be ahead of everyone else, given their size and sophistication.

**Mr. Peter Tabuns:** One would hope.

**Mr. Serge Imbrogno:** One would hope.

**Mr. Peter Tabuns:** One always hopes.

**Mr. Serge Imbrogno:** But that change was made at the OEB to get that information to make sure that there's a focus at the LDC level on climate change adaptation.

**Mr. Peter Tabuns:** Are those adaptation plans publicly available and is your assessment of those climate adaptation plans publicly available?

**Mr. Serge Imbrogno:** Anything that is provided to the OEB would be in the public domain, so the scorecards would be in the public domain. Toronto Hydro, in their rate submission, would provide that information. I'm not sure if it's carved out as climate change adaptation. It would be part of their investments in infrastructure and so on.

**Mr. Peter Tabuns:** Is there anyone centrally who is, on an ongoing basis, monitoring to see that the climate change adaptation is going forward, or is someone just reading the OEB rate submissions?

**Mr. Serge Imbrogno:** I think that's part of the MOECC climate change adaptation working group across all ministries, pulling together, that we're a part of and other ministries are a part of, and we would have our agencies' input into that.

**Mr. Peter Tabuns:** I'd just ask you to do me a favour, Deputy Minister. Minister, you can ask the deputy minister to do this. Because I've searched a variety of sites over time, and it's not always entirely obvious to someone with less experience, like me, where to find that material. If you could give me even two links to climate change adaptation plans by IESO or Hydro One or OPG just so I can see what you consider to be a proper adaptation plan, that would be extremely useful.

**The Chair (Ms. Cheri DiNovo):** Mr. Tabuns, you have two minutes.

**Mr. Peter Tabuns:** Thank you, Chair.

I'm not asking for every plan that you've ever had. I'd just like links to two plans that I could review. Can you make a commitment to do that?

**Mr. Serge Imbrogno:** That sounds like a reasonable request.

**Mr. Peter Tabuns:** I agree.

**Mr. Serge Imbrogno:** I just want to make sure—it might not be labelled, "Here's our climate change adaptation plan," so I'll try to find you an appropriate link that I think is appropriate and answers your question.

**Mr. Peter Tabuns:** If I could have two, that would be great, so I could have variety.

**Mr. Serge Imbrogno:** I will try my best and get Carolyn to help me as well.

**Mr. Peter Tabuns:** It will be passed on to you? Do your best. Good luck.

Are you looking at the cost impact on electricity supply in the next decade from climate change impacts?

**Hon. Glenn Thibeault:** We're working hand in glove with the Ministry of the Environment and Climate Change, because with the long-term energy plan and with our climate change action plan, the two are married. You can't go back, as you're well aware.

Many of the things that we're doing within our energy sector are going to continue to take into account the lead that our ministry and the MOECC play in providing some of the guidance to us that we can then make sure that we share with everyone else. If it was from climate change implications for small water-power facilities, which was a study, all the way to the climate change risk assessment for the electrical distribution infrastructure, for example, that project was completed—

**The Chair (Ms. Cheri DiNovo):** I'm afraid the time is up, Minister. You will have to hold that thought too.

We're going to move on to the government side. Mr. Delaney.

**Mr. Bob Delaney:** It has been an interesting several days. Let's see if we can, in our last time together, talk a little bit about some of the support for businesses. When the fair hydro plan was announced, the ministry also announced that up to as many as half a million small businesses and farms would benefit from the 25%, on average, reduction. At the time, the fair hydro plan also expanded the Industrial Conservation Initiative, which, in the alphabet soup of electricity speak, we refer to as ICI, for larger industrial businesses.

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My question is whether or not you could expand on what the Industrial Conservation Initiative program does, because it's an important program, and the ways in which it was expanded and what other initiatives exist that businesses can benefit from.

**Hon. Glenn Thibeault:** That is a great question and while I fix some of my notes here, I'm going to hand that over to the deputy.

**Mr. Serge Imbrogno:** Thank you, Minister. I was going to call up ADM Steen Hume. Steen's division has been working on the ICI program since its inception and I think Steen can shed some light on that.

**Mr. Steen Hume:** Thank you, Deputy. My name is Steen Hume. I'm the assistant deputy minister of energy supply policy with the Ministry of Energy.

I'm happy to respond to the member's question with respect to the ICI program. I would point out that the government of Ontario has a number of programs in place to support business and industry to help them manage their electricity costs. This is not just an important thing for them in terms of their internal operations, but it also makes them more competitive.

With respect to ICI, we see this as an important program that provides participants with an opportunity to lower their electricity costs by reducing electricity consumption during peak hours of the day. ICI, or the Industrial Conservation Initiative, works by allowing participants to pay global adjustment based on their contribution to the top five system peak demand hours of a year. This provides an incentive for industrial conservation initiative participants to reduce consumption during peak hours, benefiting them financially and benefiting the electricity system by reducing peak demand and deferring the need for new generation, an important way to maintain and manage the costs of our electricity system. In 2016, for example, the Industrial Conservation Initiative reduced peak demand by about 1,300 megawatts. That's pretty important to our system.

The kind of firms that are benefiting from ICI are the backbone of our economy. They are things like our auto companies, our mining companies, our manufacturing companies, pulp and paper companies, but also some of the new-economy-type firms, like large data warehousing companies. Some new participants have been the addition of greenhouse growers.

As part of Ontario's Fair Hydro Plan announced March 2, 2017, the government expanded ICI to include electricity consumers in the manufacturing and greenhouse sectors with an average monthly peak demand of greater than 500 kilowatts and less than one megawatt. This group is loosely part of what we call NAICS codes 31, 32, 33 and 1114. NAICS codes are North American industry classification standards and are important to our system.

This change announced in Ontario's Fair Hydro Plan builds on previous expansions that took effect as recently as January 1, 2017, which gave more businesses the opportunity to participate in ICI by adjusting the eligibility threshold by lowering it from three megawatts to one megawatt and removing sector restrictions. Prior to lowering the ICI eligibility threshold at this time, removing the sector restrictions meant that only electricity consumers with peak demands between three and five megawatts could participate. So lowering the threshold and removing the restrictions provided greater opportunity for more.

With the expansion of ICI to one megawatt and the removal of the sector restrictions, an estimated 1,300 customers became eligible for the program. As a result of the change to ICI announced in Ontario's Fair Hydro Plan, the number of eligible consumers for this program is expected to increase further.

The minister spoke about the partnership that the ministry has entered into with the Ontario Chamber of Commerce. One of the things that we heard on our LTPE

consultations was that a number of businesses weren't aware of their eligibility for ICI, so we thought that there was an opportunity for a creative partnership between ourselves and the Ontario Chamber of Commerce, who have a broad network across the province that we could tap into. They're in the process of delivering a fairly dynamic outreach campaign that is really providing both the sort of 101s of what ICI is, but also some real hands-on training, advice and guidance on how you become a participant, what it means to be a participant and what those benefits are that you start to see as a participant.

In addition to the Industrial Conservation Initiative, Ontario's Fair Hydro Plan included other measures that benefited businesses and mid-to-large-size consumers, which the minister and deputy have highlighted, but it's just important that we don't forget these additional benefits that came from Ontario's Fair Hydro Plan. In particular, these consumers are benefiting from the shifting of costs of moving the electricity social programs out of the rate base and onto the tax base. There's a benefit there.

And then those small businesses and farms, the 500,000-odd participants the minister mentioned that are eligible for the Ontario Energy Board's regulated price plan, or RPP, are also eligible to receive benefits from the refinancing of a portion of the global adjustment.

In addition to the measures that I've noted today, Ontario has a number of other programs already in place that are helping industry, businesses, commercial operators and institutions lower their electricity costs and remain competitive. These include the Industrial Accelerator Program, which assists eligible transmission-connected companies and their distribution-connected sites to fast-track capital investments needed for major energy conservation projects.

There are the saveONenergy business programs, which provide financial incentives that help distribution-connected businesses to reduce their electricity use and manage costs through energy audits, retrofits, and process and system improvements.

And there is the Northern Industrial Electricity Rate Program—NIERP, as we like to call it—which provides rate rebates for northern energy-intensive industries facing competitive pressures due to the cost of electricity. The program also assists industrial consumers in developing and implementing energy management plans to manage their use and, again, reduce costs.

Finally, to help ease the pressure on large and medium-size electricity consumers, the government is removing the debt retirement charge for all non-residential consumers on April 1, 2018, nine months earlier than previously estimated.

I guess the last point I'd make before wrapping up here is that there's also the ongoing work that we're doing with other ministries inside the ministry to identify packages of programs and initiatives that will further help, which may not just be energy-related, but tap into other parts of the government of Ontario—that package, that suite of different options.



**Mr. Bob Delaney:** Okay. Thank you very much, Deputy.

Chair, at this time I'd like to ask the committee for some consensus to cede the remaining time the government has—approximately 10 minutes—and that this time not be re-divided for consideration of estimates. But I would like my two colleagues to have their remaining full time, so that we can conclude the consideration of energy during this session. This would ensure that, for example, we would have adequate time for consideration of all of the estimates that were selected, and it would allow the next ministry to begin on Tuesday morning next week, as opposed to having what remains of energy, which would just be a few minutes, have to restart next week and then cause a delay for the consideration of the next ministry, which I understand is the Ministry of Health.

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**The Chair (Ms. Cheri DiNovo):** Mr. Delaney has made a suggestion. Just to get a feel from the committee, how do we feel about that?

**Mr. Todd Smith:** I don't feel any need for the government to cede the time. I would say that we continue on schedule, as we are.

**Mr. Peter Tabuns:** I agree.

**The Chair (Ms. Cheri DiNovo):** Okay.

You have about 10 minutes left.

**Mr. Bob Delaney:** Okay, then we can continue.

Perhaps we can move on to another topic, then. At the moment, Ontarians are currently able to benefit from a clean and reliable supply of electricity. For those of us whose parliamentary careers began in the year 2003, we remember very distinctly the struggles that we had in the years leading up to 2003, with blackouts and brownouts and an electricity system that was unreliable and in need of repairs.

As we've discussed at numerous times, our government has made some significant investments to modernize and to upgrade Ontario's electricity system. These were essential investments. In travelling to the States and speaking with our counterparts in our neighbouring Great Lakes states, they have kicked the can down the road. Where we have bought tomorrow's system, paid for it with yesterday's money and financed it at rates of nearly zero, in the surrounding states they have had to do the opposite: to play catch-up to buy today's system, to pay for it with tomorrow's money, and to finance it at rates that have already begun to go up.

Here in Ontario, we've put some \$35 billion into expanding and modernizing generation and about \$15 billion in expanding and modernizing the grid infrastructure across the province. We've closed the coal plants. But, as we've discussed in the Legislature, it came at a cost.

Could you explain, perhaps, what measures have been taken by the ministry to reduce this burden and lower electricity costs for consumers and businesses?

**Hon. Glenn Thibeault:** Thank you, MPP Delaney, for the question. It's quite a thorough question that deserves a thorough answer.

I think I have to take a step back and go right back to about a decade ago. Over that last decade, the government has rebuilt our transmission and distribution grid, invested in clean generation, which you mentioned, and of course closed the last coal-fired power plant.

Prices have increased because our energy system is being transformed. More than \$70 billion has been invested to modernize the electricity system. The government has heard from Ontarians across the province that the cost of these new investments has grown too quickly, which is why we were moving forward with a plan that would ensure costs are shared more evenly over the years ahead.

Ontario's Fair Hydro Plan provides new measures to lower electricity bills by 25% on average for residential consumers, and holds increases to the rate of inflation for the next four years, as well as containing initiatives to reduce costs for businesses, which I know Steen mentioned earlier. The plan includes the 8% rebate introduced in January 2017 and builds on previously announced initiatives to deliver broad-based relief on all electricity bills. This rebate is available to all consumers eligible for our regulated price plan, and this includes about five million residential consumers, small businesses and farms.

To relieve the current burden on taxpayers and share costs more fairly, a portion of the global adjustment is being refinanced. Refinancing the GA will provide significant and immediate relief by spreading the cost of electricity investments over the expected life cycle of the infrastructure that has been built.

Under GA refinancing, initial analysis indicates that borrowing would occur for about 10 years. Initial analysis indicates that it is currently anticipated that loans will begin to be paid back in the mid- to late 2020s. The exact timing will be determined by the markets and other factors as we strive to balance costs and benefits in the fairest way possible.

This is a significant change, I may add, that represents a fair solution to an issue that has unfairly burdened current electricity ratepayers. This does not sacrifice investments in the energy system. We're changing the way that electricity costs are recovered, and moving funding for social programs off of bills and onto the tax base.

Electricity consumers that are eligible for the 8% rebate are also eligible for GA refinancing, including all residential consumers, farms—about 500,000 small businesses and farms, to be exact—long-term-care homes and condominiums.

We are helping vulnerable electricity consumers as well, by enhancing electricity support programs, which I think is key. Also, for those most in need, the saveONenergy Home Assistance program provides home energy efficiency upgrades at no cost to low-income electricity customers, to help reduce future electricity bills.

We recognize that there are other electricity customers who are in need but do not meet the home assistance program eligibility criteria, so the Affordability Fund will provide energy efficiency measures to those Ontarians



who are not eligible for the home assistance program and who are otherwise unable to make energy efficiency improvements without financial assistance. Energy efficiency improvements can help customers reduce future electricity bills and avoid future disconnections.

In March 2017, the Ministry of Energy entered into an agreement with an independent trust to administer the Affordability Fund. The trust will be responsible for distributing funds to electricity distributors across the province, based on an application process and targeted eligibility criteria. The trust's board includes representation from three electricity distributors, two social service agencies and the Ministry of Energy—so that would be one non-voting representative.

As mentioned earlier, we have expanded the industrial conservation initiative, better known as the ICI program, to include electricity consumers in the manufacturing and greenhouse sectors with an average monthly peak demand of greater than 500 kilowatts and less than one megawatt, in addition to the consumers over one megawatt who are already eligible.

In June 2016, the government directed the OEB to examine and report back to the Ministry of Energy on options for First Nations rate assistance. Working with a First Nations advisory committee and the Chiefs of Ontario, the OEB submitted its report on First Nations rate assistance options to the ministry, including consideration for possible options, costs, funding mechanisms and program development issues.

**The Chair (Ms. Cheri DiNovo):** Mr. Delaney, you have under two minutes.

**Hon. Glenn Thibeault:** Great. Thank you.

Shall I continue?

**Mr. Bob Delaney:** Keep going.

**Hon. Glenn Thibeault:** Great.

It's important to mention that as a result of this, Ontario's Fair Hydro Plan included the elimination of the delivery charge for on-reserve First Nations customers through the First Nations on-reserve delivery credit. This initiative helps address some of the unique challenges that on-reserve First Nations customers face, and recognizes First Nations' contributions to the provincial electricity system.

The FNDC provides a credit equal to 100% of the delivery charge for all on-reserve First Nations residential customers served by licensed electricity distributors, or LDCs. For those First Nations residential customers served by an LDC that are charged a bundled rate and do not have a delivery charge, we're providing a credit equal to the monthly service charge.

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The Ontario Energy Board estimates that the First Nations Delivery Credit will provide residential customers an average monthly benefit of \$85, or about \$1,020 per year. In total, there are about 21,500 on-reserve First Nation residential customers served by LDCs who will automatically qualify.

We're also providing more support for Ontario customers that are in the greatest need of rate relief. The Ontario Electricity Support Program launched in January

2016 to provide monthly on-bill credits to low-income households. In May of this year, we increased those monthly credits by 50% across the board and broadened program eligibility so that more Ontarians can get access to this program.

**The Chair (Ms. Cheri DiNovo):** Thank you, Minister. Your time is up.

We now move to the official opposition. We have approximately 23 minutes left. You have seven minutes and 20 seconds.

**Mr. Todd Smith:** To be exact. Thank you, Madam Chair.

While Mr. Hume is there—you may need him, but I just wanted to ask about one of the things that he was talking about. You were talking about the ICI program and the fact that there are more and more companies that are actually able to be a part of the ICI program now. It originally started with those five-megawatt users up, mostly, but not entirely, in northern Ontario. I'm just wondering, with the addition of all of the three-megawatt, one-megawatt and now 500-kilowatt users that are able to be a part of the ICI program and take advantage of it, what has that meant—maybe, Minister, you can answer this—to the ability of companies to actually chase the peaks? Because there are so many more companies, does that make it more difficult for them to pinpoint what the five most important days are to reduce?

**Hon. Glenn Thibeault:** Thanks for the question. Since we have the ADM here, I'm more than happy to have him answer that question.

**Mr. Steen Hume:** That's great. To our knowledge, it hasn't changed firms' abilities to chase the peaks. However, one of the things that is part of the discussion with the chamber of commerce, and something that they're promoting, is a kind of awareness about the types of firms that are out there that can help the smaller firms address the identification of the peaks.

As you pointed out rightly, in the early days of the program it was the really large industrial electricity firms that participated in ICI. The cost of electricity was an important input into their overall operational budget, and so they typically would hire in-house electricity managers whose primary role was to continue to observe and, to use your terms, chase the peaks.

As we've been moving the threshold down and trying to bring smaller firms into ICI, or give them that opportunity, we are cognizant that we don't want to create additional internal cost pressures for these firms. So one of the things that we've seen emerge, and we're trying to make folks aware of, is that there are energy managers for hire on an as-and-when basis that have software and expertise that can be drawn upon.

**Mr. Todd Smith:** Yes, I think it's probably the fastest-growing part of the energy sector, these energy managers, because everybody is trying to chase the peaks.

Going back to that, this was a very strange summer. Typically, I think you would probably agree that in the past, all of the peaks have occurred during the summer months, have they not? How many of them actually occurred during summer this year?



**Mr. Steen Hume:** Off the top of my head, I don't have that answer; I can get it for you. But it was an unusual summer. It was, as we know, quite cool. We've seen more of the August-like temperatures in September and October. But off the top of my head, I don't have that information.

**Mr. Todd Smith:** So for some of those big electricity users, particularly up north in the resource sectors, they're very fearful that the peaks this year could be in the wintertime. The problem with powering down in the wintertime, for some of these large resource sector companies, is that things can freeze.

How complicated has this whole ICI program—how complicated has it become to find those peaks? Because it's obviously very, very important for the province, as a conservation tool and to kind of shave those peaks, but it can be dangerous to companies as well, would you agree? Clearly, there could be freezing that occurs in some of these facilities, but also every time you're shutting down—by dangerous, I mean you're losing your productivity. Your productivity wanes as well.

**Mr. Steen Hume:** I understand. We often hear from industry that chasing the peaks is a challenge for them at times. But it's also an important part of why ICI has the system benefit that it does and the importance of the program of putting that onus on the participants to adjust their behaviour. For the most part, especially those who have spent many years with ICI, they become very adept at it.

Yes, you do have an anomaly like weather conditions, but I think many of them are adjusting to that. The IESO puts a fair amount of data on its website that they tap into. They tap into the Weather Network. They have all sorts of data inputs that give them greater visibility into adjusting to those anomalies.

**Mr. Todd Smith:** Thanks, Mr. Hume, for your expertise in that area. I think it just illustrates the fact it's become very, very complicated to operate facilities in Ontario, and try to take advantage of this ICI program.

I want to move over to another issue while we have a couple of minutes left. Recently, there were stories about the \$5.5 million that the government spent on ads touting the electricity plan. I want to know who was contracted to do the buy for the ministry and who was contracted to do the creative work for the advertising buy for the ministry.

**Hon. Glenn Thibeault:** I'll hand that off to the deputy.

**Mr. Serge Imbrogno:** Thank you, Minister. Maybe I'll just give you a bit of the process that we followed in doing our media buy campaign, and then within that probably more of the firms that we hired.

**The Chair (Ms. Cheri DiNovo):** Deputy Minister, you have just over a minute. Mr. Smith, you have just over a minute.

**Mr. Todd Smith:** Can you be quick? Or can you present the committee with that information? I just want

to know who actually did that work, and I want to know if you can tell us—

**Mr. Serge Imbrogno:** Yes, I can tell you who did the work. It was Rain43 that was the vendor of record for the ministry—one of the firms. Rain43 had expertise doing work in the sector before, so that was a firm that was hired to do the advertising—the advertising in the sense of developing the media that would go out, and then it would be advertised, but—

**Mr. Todd Smith:** Right. I'm clearly going to run out of time on this line of questioning so I'm hoping that my friend from the NDP might be interested in this too.

I'm out of time, so thanks. It's been a pleasure having you at estimates.

**The Chair (Ms. Cheri DiNovo):** We move to Mr. Tabuns. You have two minutes.

**Mr. Peter Tabuns:** Minister, I've been seeing ads from OPG on television, in bus shelters and on subways about the Darlington refurbishment. Why are we spending money on this? People are buying electricity; they don't have to be urged to buy electricity. Why on earth is that money being wasted in this way?

**Hon. Glenn Thibeault:** That's a question for OPG and their advertising budget. I couldn't be able to—

**Mr. Peter Tabuns:** Could you tell them to knock it off? I mean, this is an unnecessary expense at a time when everyone is trying to figure out how to keep the prices down. Seriously.

**Hon. Glenn Thibeault:** Part of it, too, is talking about and letting people know about the 14,000 jobs that are going to be created yearly. They're also talking about the environmental benefits. I've seen the ads. So the environmental benefits our nuclear industry—

**Mr. Peter Tabuns:** So is this an ad for the government?

**Hon. Glenn Thibeault:** —plus the health care sector—the hundreds of thousands of people who rely on the Cobalt-60 that provides the cancer treatments that these people rely on. I think OPG and many of our other suppliers and stakeholders within the nuclear sector recognize the advantage that we have in Ontario of having such an important job creator and environmental benefit—

**Mr. Peter Tabuns:** Minister? You know it is just wasting money, right? Seriously.

**Hon. Glenn Thibeault:** That's your opinion.

**Mr. Peter Tabuns:** No. When you're spending money on ads we don't need, come on. We just don't need 'em.

**Hon. Glenn Thibeault:** Well, the next time you want to chat with OPG, you can let them know your thoughts on that.

**The Chair (Ms. Cheri DiNovo):** It's 6 o'clock. We stand adjourned until next Tuesday morning at 9 o'clock, at which time we have about 12 minutes left.

*The committee adjourned at 1800.*

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